

HOUSE BILL REPORT

HB 1741

As Reported by House Committee On:
Early Learning & Human Services

Title: An act relating to temporary assistance for needy families benefits.

Brief Description: Regarding temporary assistance for needy families benefits.

Sponsors: Representatives Kagi and Walsh; by request of Department of Social and Health Services.

Brief History:

Committee Activity:

Early Learning & Human Services: 2/8/11, 2/17/11 [DPS].

Brief Summary of Substitute Bill

- Authorizes the Department of Social and Health Services (DSHS) to reduce the maximum amount that families may earn and keep in addition to their monthly Temporary Assistance to Needy Families (TANF) grant beginning April 1, 2011.
- Authorizes the DSHS to establish rules which include, but are not limited to, establishing TANF eligibility for non-foster children residing with caretakers other than parents, beginning November 1, 2011.

HOUSE COMMITTEE ON EARLY LEARNING & HUMAN SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Kagi, Chair; Roberts, Vice Chair; Dickerson, Goodman and Orwall.

Minority Report: Do not pass. Signed by 4 members: Representatives Walsh, Ranking Minority Member; Hope, Assistant Ranking Minority Member; Johnson and Overstreet.

Staff: Megan Palchak (786-7120).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Temporary Assistance for Needy Families.

Temporary Assistance for Needy Families (TANF) is a federal block grant established under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The TANF program replaced the Aid to Families with Dependent Children program, which had provided grants to poor families with children since the 1930s.

States use TANF block grants to operate their own programs. State programs differ, but operate in accordance with the following purposes set forth in federal law:

- to provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- encourage the formation and maintenance of two-parent families.

According to the Center on Budget and Policy Priorities, the basic TANF block grant has been set at \$16.6 billion since it was established in 1996, and its real value has fallen by approximately 27 percent. States are required to spend their own funds on programs for needy families or face financial penalties; this is referred to as the *maintenance of effort* (or MOE) requirement.

WorkFirst.

Washington's TANF program is called WorkFirst, and is administered by the Department of Social and Health Services (DSHS). Temporary Assistance to Needy Family funds are provided to two distinct populations in Washington: child-only cases and WorkFirst cases. A brief description of the features related to each case type follows:

- *Child-Only Cases:* TANF grants are used for children and not adults in the home. Washington is one of two states which provide Child-Only TANF grants to qualified non-related caregivers. Child-only cases have few eligibility requirements or follow-up checks, unless the child was placed in a home on a dependency order by the Children's Administration.
- *WorkFirst Cases:* eligible adults receive various forms of assistance while they participate in activities that will help them connect to the workforce.

If a participant is actively working, the DSHS disregards up to half of the participant's income when determining the participant's ongoing eligibility for a TANF grant. If a family's gross income exceeds the maximum earned income level as set by the DSHS, that family is no longer eligible to receive TANF assistance. Income earned by minor children who are full-time students is also disregarded.

When participants fail to meet WorkFirst participation requirements, they face sanctions or reduced grants. Participants who are out of compliance with requirements for four months are terminated, but may reapply.

WorkFirst Redesign.

The WorkFirst Subcabinet (Subcabinet) chartered a re-examination of the WorkFirst program between July and November of 2010, and released its report to the Legislature on February 3, 2011. The Subcabinet found that WorkFirst, as currently designed, is not financially sustainable within available funding. The report includes a comprehensive set of time-series recommendations to redesign the program so it can be sustained for needy families in the future. Some recommendations include:

- continue to provide a full TANF grant for families with income up to 200 percent of the federal poverty level, and a reduced grant for those with higher incomes;
- revise rules regarding the amount of earned income that can be disregarded when determining participants' eligibility to receive TANF assistance;
- implement reasonable eligibility requirements and follow up checks for child-only cases, for cases in which the child was not placed by the Children's Administration on a dependency order; and
- enhance participant accountability.

Summary of Substitute Bill:

The DSHS may disregard up to 40 percent of families' earnings in addition to their monthly TANF payment, as set by the DSHS. This 10 percent reduction to the maximum amount that families are allowed to earn and keep becomes effective on April 1, 2011. On November 1, 2011, the DSHS is authorized to adopt rules to establish eligibility for TANF benefits for non-foster children who live with a caregiver other than his or her parents. These rules may include, but are not limited to, establishing income eligibility standards for the child's caregiver up to 300 percent of the federal poverty level (FPL), based on the family's size. The DSHS is authorized to establish a sliding scale benefit standard for caregivers with incomes over 200 percent of the FPL.

Substitute Bill Compared to Original Bill:

The substitute bill removes the DSHS' authorization to permanently disqualify parents who have been terminated due to WorkFirst non-compliance sanction three or more times. The child-only TANF means test is changed from 200 percent of the FPL to 300 percent. The DSHS is authorized to establish a sliding scale benefit standard for caregivers with incomes over 200 percent of the FPL.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 17, 2011.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on April 1, 2011, except for section 2, relating to authorizing the DSHS to establish rules regarding income eligibility standards, which takes effect on November 1, 2011.

Staff Summary of Public Testimony:

(In support) The DSHS Economic Services Administration has to make difficult changes to deal with the budget this fiscal year. This request legislation helps address the budget issues.

(Opposed) The means test provision will have negative impact on relative caregivers and children. Many children in kinship care are not involved in the child welfare system. Kinship caregivers tend to be older, low-income women. Children have high medical and dental costs. Housing and utility costs are a burden. The TANF grant helps pay for things like the electric bill and housing. There has been an increase in evictions. It is well known that relative caregivers will do everything that they can to keep children in their care and that will have some impact. Removing or reducing TANF could force relative caregivers to place children in foster care. Providing TANF funds to relatives allows children to stay with family, where they fare better, and it saves the state thousands of dollars in foster care. It is known that the costs associated with TANF are lower than the costs of foster care.

Eligibility for TANF is also a requirement for children's programs such as Head Start, free and reduced school lunch, afterschool enrichment, and specific college scholarships. A means test will harm an unknown number of relative caregivers and children, but if one must be implemented, a sliding scale is desirable.

The permanent disqualification provision is unreasonable. It takes time for individuals to resolve barriers to participation. Families should be allowed to reapply as needed.

The earned income reduction is harmful to needy families, but not as harmful as other provisions.

Persons Testifying: (In support) Troy Hutson, Department of Social and Health Services.

(Opposed) Lynne Urvina, Family Education and Support Services; Joyce Mallinger, Family Education and Support Services; Laurie Lippold, Children's Home Society of Washington; Robin Zukoski, Columbia Legal Services; and Helen Sawyer, Senior Services of King County.

Persons Signed In To Testify But Not Testifying: None.